

MEMORANDUM

TO: Commissioner, Deputy Commissioner, General Counsel,
Division Directors, Policy Analysts and Staff Attorneys

FROM: Leo V. Clark, Business Manager

DATE: October 17, 2006

SUBJECT: 2007 Interest Rate

The average prime loan rate charged by banks (as determined by the Board of Governors of the Federal Reserve System) for the 12-month period beginning October 1, 2005 and ending September 30, 2006 was 7.63667%. Rounded upwards to the nearest whole percent, the annual rate for 2007 would be 8.0%. When converted to a monthly rate, as required for computer purposes, the result is 0.67% per month.

The law allows us to round this monthly rate upward to the nearest whole tenth of a percent, giving us a rate of 0.7% per month. Therefore, the **2007 interest rate** established by the Commissioner, as required in 32 V.S.A. §3108(a), is **0.7% per month or an annual rate of 8.4%**.

Tax bills prepared on January 1, 2007 and thereafter for calendar year 2007 should bear an annual interest rate of 8.4% or a monthly rate of 0.7%.

_____ Date	APPROVED: _____ Tom Pelham Commissioner of Taxes
---------------	--------------------------------------------------------